

# COMPANY UPDATE

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## Platform Business Team

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### ▶ AT A GLANCE

Recommend	<b>BUY</b>	
Target price	KRW135,000	69%
Current price	<b>KRW79,900</b>	
Market cap	KRW2.4t/USD2.0b	
Shares (float)	30,014,185 (45.1%)	
52-week high/low	KRW108,000/KRW73,100	
Avg daily trading value (60-day)	KRW12.5b/USD10.4m	

### ▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Studio Dragon (%)	-9.2	-12.3	-19.0
Vs Kosdaq (%pts)	-0.6	3.0	-12.8

### ▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	135,000	135,000	0.0%
2021E EPS	1,301	1,515	-14.1%
2022E EPS	2,171	2,179	-0.4%

### ▶ SAMSUNG vs THE STREET

No of estimates	15
Target price	127,467
Recommendation	4.0

BUY★★★: 5 / BUY: 4 / HOLD: 3 / SELL: 2 / SELL★★★: 1

SAMSUNG SECURITIES

SAMSUNG

## Studio Dragon (253450)

Much to expect this year

- Studio Dragon's 4Q operating profit of KRW16.3b was up 37.6% but short of consensus due to bonus payment and a delayed recognition of sales from Jirisan.
- The company should produce 32 dramas in 2022 (7 more than in 2021), more than 13 of which should be supplied to OTT service providers, a move to diversify its distribution channels and lead to stable operating results.
- We maintain BUY rating and KRW135,000 target price.

### WHAT'S THE STORY?

**4Q review:** Studio Dragon reported 4Q sales of KRW147.9b (up 7.4% y-y) and operating profit of KRW6.3b (up 37.6% y-y), the latter missing consensus. Distribution sales shrank 7.5% y-y on: 1) an absence of Netflix Original dramas; and 2) fewer dramas being aired y-y on tvN and Netflix, but the company minimized the y-y contraction by providing two Original content for Tving and one for iQiyi). In contrast, programming sales leapt 30.7% y-y on blockbusters and a rise in the number of dramas aired. In spite of solid topline growth, production cost burden was huge due to: 1) a delay in sales recognition for 16-episode drama Jirisan; and 2) a large number of the dramas, whose production cost was booked all at once. The company also booked incentive payment. Because of valuation losses on investment securities, it incurred pre-tax loss and net loss last quarter.

(Continued on the next page)

### SUMMARY OF 4Q RESULTS

(KRWb)	4Q21	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	147.9	7.4	27.4	6.4	9.5
Operating profit	6.3	37.6	-56.5	-10.7	-34.0
Pre-tax profit	-1.6	nm	nm	nm	nm
Net profit	-0.8	nm	nm	nm	nm
<b>Margins (%)</b>					
Operating profit	4.3				
Pre-tax profit	-1.1				
Net profit	-0.5				

Source: Company data, Samsung Securities estimates

### VALUATION SUMMARY

	2020	2021E	2022E
<b>Valuation (x)</b>			
P/E	88.7	69.9	36.8
P/B	4.6	4.2	3.3
EV/EBITDA	16.5	13.6	9.5
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	10.9	24.6	66.9
ROE (%)	5.7	6.2	9.5
<b>Per-share data (KRW)</b>			
EPS	1,044	1,301	2,171
BVPS	20,309	21,696	23,867
DPS	0	0	0

**2022 earnings momentum to improve:** Studio Dragon will likely produce 32 dramas in 2022 (7 more than in 2021), more than 13 dramas of which should be Original content (ie, stable operating results). Per-episode production costs of such dramas should increase as well, positive to the bottom line. Accordingly, programming sales and distribution sales should rebound y-y this year, after having declined 18.1% and 1.5% y-y, each, in 2021. The company should supply many dramas to several OTT service providers (eg, 2 to Netflix, 6 to Tving, and 1 to Apple TV+), diversifying its distribution channel. It may be able to sell more dramas to other OTT platforms that entered the Korean market last year or plan to do so. Big Door Prize (a drama series co-produced with US company Skydance Television for Apple TV+; to be released this year) should allow the company to gain experience in the production in of English-language dramas. Meanwhile, Studio Dragon signed a deal in 2019 to produce at least 21 original series for Netflix (along with their distribution rights) over three years from 2020. The contract is likely to be renewed this year, with better terms and conditions for the Korean drama producer thanks to its strong quality content and growing global presence.

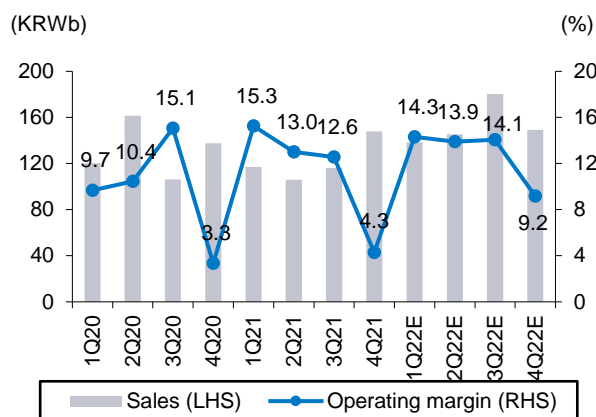
**Maintaining BUY:** We maintain our target of KRW135,000 (based on 16x 12-month forward EV/EBITDA). Its topline growth and earnings momentum should pick up steam by supplying content to multiple TV channels and OTTs.

Table 1. Results and forecasts

(KRWb)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22E	2Q22E	3Q22E	4Q22E	2020	2021	2022E	2023E
<b>Sales</b>	<b>120.3</b>	<b>161.4</b>	<b>106.3</b>	<b>137.7</b>	<b>117.1</b>	<b>106.0</b>	<b>116.1</b>	<b>147.9</b>	<b>138.4</b>	<b>145.4</b>	<b>180.3</b>	<b>149.2</b>	<b>525.7</b>	<b>478.2</b>	<b>613.3</b>	<b>713.4</b>
Programing	45.2	65.4	45.7	40.7	43.8	28.2	36.2	53.2	43.0	41.4	56.5	44.8	197.0	152.5	185.7	214.6
Distribution	66.9	75.7	50.9	86.3	63.2	67.5	64.9	79.8	82.1	90.2	108.4	89.5	279.7	275.8	370.2	436.5
Other	8.2	20.3	9.7	10.7	10.1	10.3	15.0	14.9	13.3	13.8	15.4	14.9	48.9	49.9	57.5	62.3
<b>Gross profit</b>	<b>16.7</b>	<b>21.8</b>	<b>21.3</b>	<b>15.0</b>	<b>23.7</b>	<b>20.3</b>	<b>21.0</b>	<b>14.8</b>	<b>26.5</b>	<b>27.1</b>	<b>32.6</b>	<b>22.3</b>	<b>74.8</b>	<b>84.3</b>	<b>108.5</b>	<b>135.5</b>
SG&A costs	5.1	4.9	5.3	10.4	5.8	6.5	6.4	8.4	6.7	6.9	7.2	8.6	25.7	31.0	29.4	31.7
<b>Operating profit</b>	<b>11.6</b>	<b>16.9</b>	<b>16.0</b>	<b>4.6</b>	<b>17.9</b>	<b>13.8</b>	<b>14.6</b>	<b>6.3</b>	<b>19.8</b>	<b>20.2</b>	<b>25.4</b>	<b>13.7</b>	<b>49.1</b>	<b>53.3</b>	<b>79.1</b>	<b>103.9</b>
Non-operating profit	0.4	0.3	-0.8	-7.5	3.2	0.3	3.9	-7.9	2.2	1.1	3.0	0.9	-7.6	7.6	7.1	8.4
Pre-tax profit	12.0	17.2	15.2	-2.9	21.1	14.0	18.5	-1.6	22.0	21.3	28.3	14.6	41.5	60.9	86.2	112.3
<b>Net profit (controlling)</b>	<b>8.5</b>	<b>13.4</b>	<b>10.6</b>	<b>-2.8</b>	<b>15.6</b>	<b>9.5</b>	<b>14.8</b>	<b>-0.8</b>	<b>16.6</b>	<b>16.1</b>	<b>21.4</b>	<b>11.0</b>	<b>29.7</b>	<b>45.5</b>	<b>65.2</b>	<b>84.9</b>
Gross margin	13.8	13.5	20.0	10.9	20.2	19.2	18.1	10.0	19.1	18.7	18.1	14.9	14.2	17.6	17.7	19.0
Operating margin	9.7	10.4	15.1	3.3	15.3	13.0	12.6	4.3	14.3	13.9	14.1	9.2	9.3	11.1	12.9	14.6
Net margin (controlling)	7.1	8.3	10.0	-2.1	13.3	8.9	12.8	-0.5	12.0	11.1	11.9	7.4	5.6	9.5	10.6	11.9
<b>Chg (% y-y)</b>																
<b>Sales</b>	<b>7.6</b>	<b>25.9</b>	<b>-19.0</b>	<b>41.3</b>	<b>-2.7</b>	<b>-34.3</b>	<b>9.2</b>	<b>7.4</b>	<b>18.1</b>	<b>37.2</b>	<b>55.3</b>	<b>0.9</b>	<b>12.2</b>	<b>-7.3</b>	<b>25.9</b>	<b>16.3</b>
Programing	2.5	12.6	-24.9	-10.9	-3.2	-56.9	-20.8	30.7	-1.8	47.0	56.0	-15.7	-5.6	-18.1	15.1	15.6
Distribution	19.1	25.5	-15.2	101.6	-5.5	-10.8	27.7	-7.5	29.9	33.5	66.9	12.1	27.6	-1.5	34.4	17.9
Other	-29.2	107.1	-6.4	20.2	24.0	-49.3	54.0	39.3	30.8	34.2	3.3	0.2	20.4	2.9	14.3	8.4
<b>Gross profit</b>	<b>11.1</b>	<b>41.7</b>	<b>39.2</b>	<b>585.3</b>	<b>42.2</b>	<b>-6.9</b>	<b>-1.3</b>	<b>-1.7</b>	<b>11.8</b>	<b>33.5</b>	<b>55.1</b>	<b>51.2</b>	<b>56.2</b>	<b>6.7</b>	<b>36.0</b>	<b>24.9</b>
SG&A costs	28.4	5.8	21.3	67.6	14.0	33.6	21.0	-19.1	14.8	5.9	12.3	2.4	34.0	5.8	8.2	7.6
<b>Operating profit</b>	<b>5.5</b>	<b>56.3</b>	<b>46.8</b>	<b>nm</b>	<b>53.6</b>	<b>-18.2</b>	<b>-9.0</b>	<b>37.6</b>	<b>10.8</b>	<b>46.5</b>	<b>74.0</b>	<b>115.9</b>	<b>71.1</b>	<b>7.0</b>	<b>50.4</b>	<b>31.4</b>
Non-operating profit	-79.7	-69.4	nm	nm	642.7	-20.8	nm	nm	-31.1	333.5	-23.4	nm	nm	nm	nm	17.3
Pre-tax profit	-9.2	44.5	16.2	nm	75.3	-18.2	21.3	nm	4.5	51.8	53.5	nm	25.4	25.2	65.8	30.2
<b>Net profit (controlling)</b>	<b>-7.3</b>	<b>82.1</b>	<b>-8.0</b>	<b>nm</b>	<b>82.2</b>	<b>-29.1</b>	<b>39.6</b>	<b>nm</b>	<b>6.9</b>	<b>70.3</b>	<b>44.6</b>	<b>nm</b>	<b>12.1</b>	<b>31.8</b>	<b>66.9</b>	<b>30.2</b>
Gross margin	0.4	1.5	8.4	8.7	6.4	5.7	-1.9	-0.9	-1.1	-0.5	-0.0	5.0	4.0	2.2	1.3	1.3
Operating margin	-0.2	2.0	6.8	7.5	5.6	2.6	-2.5	0.9	-0.9	0.9	1.5	4.9	3.2	1.5	2.1	1.7
Net margin (controlling)	-1.1	2.6	1.2	-0.4	6.2	0.7	2.8	1.6	-1.3	2.2	-0.9	7.9	-0.0	2.4	2.6	1.3

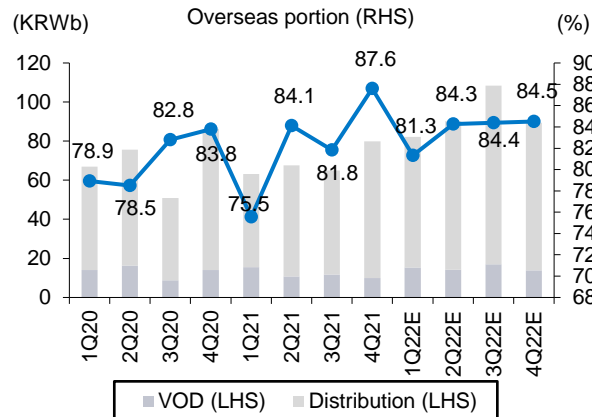
Source: Company data, Samsung Securities

Chart 1. Quarterly sales and operating margin



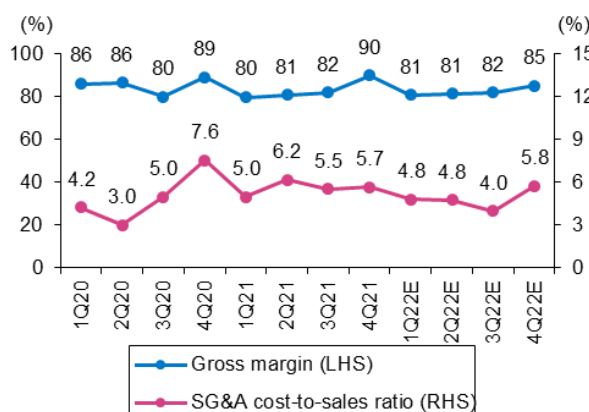
Source: Company data, Samsung Securities

Chart 2. VOD vs distribution sales



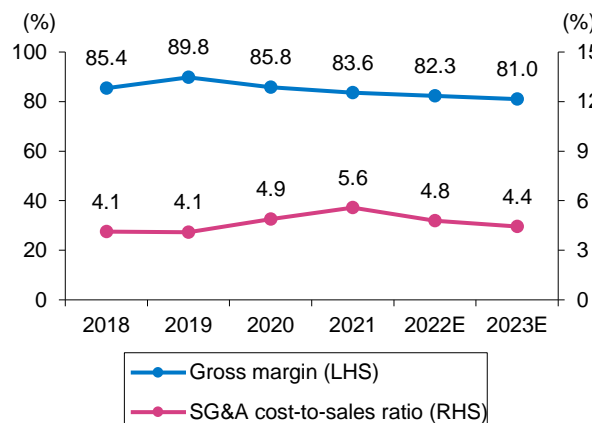
Source: Company data, Samsung Securities

Chart 3. Quarterly gross margin and SG&amp;A cost-to-sales ratio



Source: Company data, Samsung Securities

Chart 4. Annual gross margin and SG&amp;A cost-to-sales ratio



Source: Company data, Samsung Securities

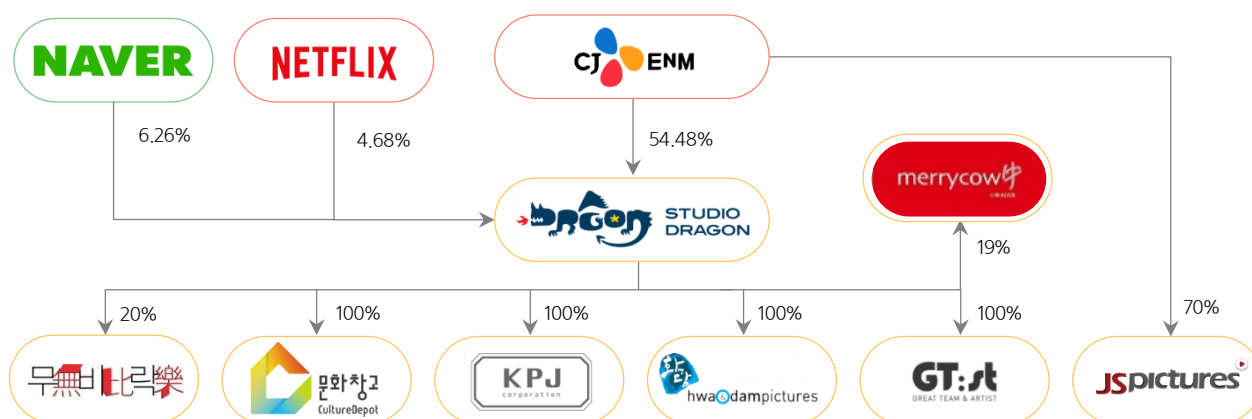
Table 2. 2H21–2022 drama line-up

Year	No.	Channel	Title	Dates to be aired	Episodes	Writers	Director	Cast	Days
2021	1	tvN	Devilish Judge	Jul 3-Aug 22	16	Moon Yoo Suk	Choi Jung Kyu	Ji Sung, Park Jin Young	Sat, Sun
	2		You Are My Spring	Jul 5-Aug 24	16	Lee Mi-na	Jung Ji-hyun	Kim Dong-wook, Seo Hyun-jin	Mon, Tue
	3		The Road: Tragedy of One	Aug 4-Sep 9	12	Yoon Hee-jung	Kim No-won	Ji Jin-hee, Yoon Se-ah	Wed, Thu
	4		Hometown Cha-Cha	Aug 28-Oct 17	16	Shin Ha-eun	Yoo Je-won	Shin Min-ah, Kim Seon-ho	Sat, Sun
	5		High Class	Sep 6-Oct 26	16	Hyun Jung	Choi Byung-gil	Cho Yeo-jeong, Kim Ji-soo	Mon, Tue
	6		Yumi's Cells	Sep 17-Oct 30	14	Song Jae-jung, Kim Yoon-joo	Lee Sang-yeop	Kim Go-eun, Ahn Bo-hyun	Fri, Sat
	7		Hometown	Sep 22-Oct 28	12	Joo Jin	Park Hyun-seok	Uhm Tae-goo, Yu Jae-myung	Wed, Thu
	8		Jirisan	Oct 23-Dec 12	16	Kim Eun-hee	Lee Eung-bok	Jeon Ji-hyun, Joo Ji-hoon	Sat, Sun
	9		Melancholia	Nov 10-Dec 30	16	Kim Ji-woon	Kim sang-hyub	Lim Soo-jeong, Lee Do-hyun	Wed, Thu
	10		Happiness	Nov 5-Dec 11	12	Han Sang-woon	Ahn Gil-ho	Han Hyo-joo, Park Hyung-sik	Fri, Sat
	11		Tale of the Secret Royal Inspector and Jo Yi	Nov 8-Dec 28	16	Lee Jae-yoon	Yoo Jong-seon	Kim Hye-yoon, Ok Taec-yeon	Mon, Tue
	12		Bad and Crazy	Dec 17-Jan 29, 2022	12	Kim Sae-bom	Yoo Seon-dong	Lee Dong-wook, Wi Ha-joon	Fri, Sat
	13	OCN	Times	Feb 20-Mar 28	12	Lee Sae-bom	Yoon Jong-ho	Lee Seo-jin, Lee Joo-young	Sat, Sun
	14	Netflix	Love Alarm 2	Mar 12	6	You Bo-ra, Cha Yeon-su	Kim Jin-woo	Kim So-hyun, Song Kang	-
	15		Kingdom: Ashin of the North	Jul 23	1	Kim Eun-hee	Kim Seong-hoon	Jeon Ji-Hyun, Park Byung-eun	-
	16	Tving	Script Your Destiny	Mar 26	10 (5)	Kim Byung-soo	Eun Seon-woo	Jeon So-nee, Ki Do-hoon	-
	17		The Witch's Diner	Jul 16	8 (4)	Lee Young-sook	So Jae-hyun,	Song Ji-hyo, Nam Ji-hyun	-
2022	1	tvN	Bulgasal: The Immortal Souls	Dec 18-Feb 6, 2022	16	Kwon So-ra	Jang Yeong-woo	Lee Jin-wook, Kwon Na-ra	Sat, Sun
	2		Ghost Doctor	Jan 3-Feb 22	16	Kim Sun-soo	Boo Seong-cheol	Jung Ji-hoon, Kim Beom	Mon, Tue
	3		Twenty-Five Twenty-One	Feb 12-Apr 3	16	Kwon Do-eun	Jung Ji-hyun	Kim Tar-ri, Nam Joo-hyuk	Sat, Sun
	4		Military Prosecutor Doberman	Feb 28-Apr 19	16	Yoon Hyeon-ho	Jin Chang-gyoo	Ahn Bo-hyun, Jo Bo-ah	Mon, Tue
	5		The Murderer's Shopping List	Mar 30-Apr 21	8	Han Ji-wan	Lee Eon-hee	Lee Kwang-soo, Seolhyun	Wed, Thu
	6		Our Blues	Apr 9-Jun 12	20	Noh Hee-kyung	Kim Kyu-tae	Lee Byung-hun, Han Ji-min	Sat, Sun
	7		Link: Eat, Love, Die	Apr 25-Jun 14	16	Kwon Ki-yeong	Hong Jong-chan	Yeo Jin-goo, Moon Ga-young	Mon, Tue
	8		Eve	Apr 27-Jun 16	16	Yoon Young-mi	Park Bong-seob	Seo Ye-ji, Park Byung-eun	Wed, Thu
	9		Soul Marriage	Jun 18-Aug 7	16	Hong sisters	Park Joon-hwa	Lee Jae-wook, Hwang Min-hyeon	Sat, Sun
	10		Shooting Stars	Jun 20-Jul 26	12	Choi Young-woo	Lee Soo-hyun	Lee Sung-kyung, Kim Young-dae	Fri, Sat
	11		Little Women	2022	12	Jeong Seo-kyeong	Kim Hee-won	Kim Go-eun, Nam Ji-hyun	-
	12	OCN	A Superior Day	Mar 2022	8	Lee Ji-hyun	Jo Nam-hyung	Jin-goo, Ha Do-kwon	Sat, Sun
	13	Netflix	Island	2022	20	Jang Yoon-mi	Park Bae-jong	Kim Nam-gil, Lee Da-hee	
	14		Juvenile Judgement	Feb 2022	10	Kim Min-seok	Hong Jong-chan	Kim Hye-soo, Kim Mu-yeol	
	15		Celebrity	2H22	12	Kim I-yeong	Kim Cheol-gyoo	Lee Chung-ah, Park Gyu-young	
	16	Tving	The King of Pigs	2022	20	Tak Jae-young	Kim Dae-jin	Kim Dong-wook, Chae Jeong-ahn	
	17		Strange	2022	6	Yeon Sang-ho	Jang Geon-jae	Shin Hyun-bin, Koo Kyo-hwan	
	18		Duty After School	2022	10	Lee Nam-gyu	Seong Yong-il	Shin Hyun-soo	
	19		Yumi's Cells 2	2022		Kim Yoon-joo	Lee Sang-yeob	Kim Go-eun, Jinyoung	
	20		Ants are Riding	2022		Lim Yeon-soo	Choi Ji-young	Hong Jong-hyun, Han Ji-eun	
	21		Call My Agent	2022		Park So-young	Paik Seung-ryong	Lee Seo-jin, Kwak Sun-young	
	22	Apple TV+	The Big Door Prize	2022	10	-	-	-	
2023	1	Netflix	Sweet Home 2	TBD				Park Gyu-young, Lee Si-young	
	2		The Glory 1 & 2	TBD	16	Kim Eun-sook	Ahn Gil-ho	Song Hye-kyo, Lee Do-hyun	

Note: Titles highlighted are streaming through Netflix (green), iQiyi Global (grey), and Tving (light blue)

Source: Company data, Samsung Securities

Chart 5. Ownership structure



Source: Company data, Samsung Securities

Table 3. Earnings revisions

(KRWb)	2022E			2023E		
	Old	New	Chg %	Old	New	Chg %
Sales	613.0	613.3	0.1	692.1	713.4	3.1
Operating profit	79.1	79.1	-0.0	103.8	103.9	0.1
Operating margin (% , %pts)	12.9	12.9	-0.0	15.0	14.6	-0.4
Pre-tax profit	86.5	86.2	-0.4	112.8	112.3	-0.4
Net profit (controlling)	65.4	65.2	-0.4	85.2	84.9	-0.4

Source: Company data, Samsung Securities

## Income statement

Year-end Dec 31 (KRWb)	2019	2020	2021E	2022E	2023E
<b>Sales</b>	<b>469</b>	<b>526</b>	<b>487</b>	<b>613</b>	<b>713</b>
Cost of goods sold	421	451	407	505	578
<b>Gross profit</b>	<b>48</b>	<b>75</b>	<b>80</b>	<b>108</b>	<b>136</b>
Gross margin (%)	10.2	14.2	16.4	17.7	19.0
SG&A expenses	19	26	27	29	32
<b>Operating profit</b>	<b>29</b>	<b>49</b>	<b>53</b>	<b>79</b>	<b>104</b>
Operating margin (%)	6.1	9.3	10.8	12.9	14.6
<b>Non-operating gains (losses)</b>	<b>4</b>	<b>-8</b>	<b>-1</b>	<b>7</b>	<b>8</b>
Financial profit	10	10	14	15	16
Financial costs	6	14	10	4	4
Equity-method gains (losses)	0	0	0	0	0
Other	0	-4	-5	-4	-4
<b>Pre-tax profit</b>	<b>33</b>	<b>42</b>	<b>52</b>	<b>86</b>	<b>112</b>
Taxes	7	12	13	21	27
Effective tax rate (%)	20.1	28.7	24.9	24.4	24.4
Profit from continuing operations	26	30	39	65	85
Profit from discontinued operations	0	0	0	0	0
<b>Net profit</b>	<b>26</b>	<b>30</b>	<b>39</b>	<b>65</b>	<b>85</b>
Net margin (%)	5.6	5.6	8.0	10.6	11.9
Net profit (controlling interests)	26	30	39	65	85
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	146	165	183	221	259
EBITDA margin (%)	31.1	31.4	37.5	36.1	36.2
EPS (parent-based) (KRW)	941	1,044	1,301	2,171	2,828
EPS (consolidated) (KRW)	941	1,044	1,301	2,171	2,828
Adjusted EPS (KRW)*	941	1,044	1,301	2,171	2,828

## Balance sheet

Year-end Dec 31 (KRWb)	2019	2020	2021E	2022E	2023E
<b>Current assets</b>	<b>244</b>	<b>228</b>	<b>403</b>	<b>449</b>	<b>524</b>
Cash & equivalents	60	49	236	278	346
Accounts receivable	84	107	76	89	87
Inventories	0	0	0	0	0
Other current assets	101	73	91	82	90
<b>Fixed assets</b>	<b>337</b>	<b>529</b>	<b>368</b>	<b>400</b>	<b>417</b>
Investment assets	13	180	15	19	19
Tangible assets	1	8	6	4	3
Intangible assets	233	230	243	260	277
Other long-term assets	89	111	104	116	118
<b>Total assets</b>	<b>582</b>	<b>757</b>	<b>771</b>	<b>849</b>	<b>941</b>
<b>Current liabilities</b>	<b>145</b>	<b>132</b>	<b>109</b>	<b>120</b>	<b>126</b>
Accounts payable	18	6	10	10	15
Short-term debt	0	0	0	0	0
Other current liabilities	127	126	99	110	111
<b>Long-term liabilities</b>	<b>8</b>	<b>16</b>	<b>11</b>	<b>13</b>	<b>14</b>
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	8	16	11	13	14
<b>Total liabilities</b>	<b>153</b>	<b>148</b>	<b>120</b>	<b>132</b>	<b>139</b>
<b>Owners of parent equity</b>	<b>428</b>	<b>609</b>	<b>651</b>	<b>716</b>	<b>801</b>
Capital stock	14	15	15	15	15
Capital surplus	322	470	470	470	470
Retained earnings	94	123	162	227	312
Other	-1	1	4	4	4
<b>Non-controlling interests' equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total equity</b>	<b>428</b>	<b>609</b>	<b>651</b>	<b>716</b>	<b>801</b>
Net debt	-91	-45	-252	-287	-361

## Cash flow statement

Year-end Dec 31 (KRWb)	2019	2020	2021E	2022E	2023E
<b>Cash flow from operations</b>	<b>-12</b>	<b>5</b>	<b>169</b>	<b>203</b>	<b>238</b>
Net profit	26	30	39	65	85
Non-cash profit and expenses	124	135	139	157	175
Depreciation	2	3	2	1	1
Amortization	115	113	128	141	154
Other	7	19	9	15	20
Changes in A/L from operating activities	-143	-144	4	2	6
<b>Cash flow from investments</b>	<b>-81</b>	<b>-16</b>	<b>-140</b>	<b>-158</b>	<b>-169</b>
Change in tangible assets	-0	-7	0	0	0
Change in financial assets	-42	31	-10	5	-4
Other	-39	-41	-130	-163	-165
<b>Cash flow from financing</b>	<b>-0</b>	<b>0</b>	<b>-7</b>	<b>-0</b>	<b>-0</b>
Change in debt	8	1	-7	0	0
Change in equity	2	149	0	0	0
Dividends	0	0	0	0	0
Other	-9	-150	-0	-0	-0
Change in cash	-93	-11	187	42	69
Cash at beginning of year	153	60	49	236	278
Cash at end of year	60	49	236	278	346
<b>Gross cash flow</b>	<b>150</b>	<b>165</b>	<b>178</b>	<b>222</b>	<b>260</b>
<b>Free cash flow</b>	<b>-13</b>	<b>-2</b>	<b>169</b>	<b>203</b>	<b>238</b>

Note: \* Excluding one-off items

\*\* Fully diluted, excluding one-off items

\*\*\* From companies subject to equity-method valuation

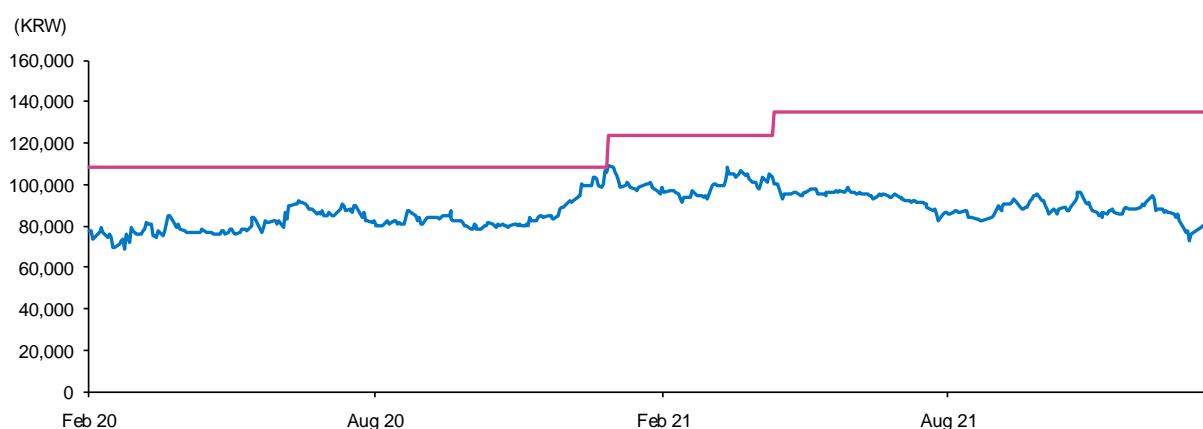
Source: Company data, Samsung Securities estimates

## Financial ratios

Year-end Dec 31	2019	2020	2021E	2022E	2023E
<b>Growth (%)</b>					
Sales	23.5	12.2	-7.3	25.9	16.3
Operating profit	-28.1	71.1	7.0	50.4	31.4
Net profit	-26.3	12.1	31.8	66.9	30.2
Adjusted EPS**	-26.3	10.9	24.6	66.9	30.2
<b>Per-share data (KRW)</b>					
EPS (parent-based)	941	1,044	1,301	2,171	2,828
EPS (consolidated)	941	1,044	1,301	2,171	2,828
Adjusted EPS**	941	1,044	1,301	2,171	2,828
BVPS	15,242	20,309	21,696	23,867	26,695
DPS (common)	0	0	0	0	0
<b>Valuations (x)</b>					
P/E***	85.9	88.7	69.9	36.8	28.3
P/B***	5.3	4.6	4.2	3.3	3.0
EV/EBITDA	15.0	16.5	13.6	9.5	7.9
<b>Ratios (%)</b>					
ROE	6.4	5.7	6.2	9.5	11.2
ROA	4.8	4.4	5.1	8.0	9.5
ROIC	8.7	11.2	11.9	17.3	21.5
Payout ratio	0.0	0.0	0.0	0.0	0.0
Dividend yield (common)	0.0	0.0	0.0	0.0	0.0
Net debt to equity	-21.2	-7.5	-38.7	-40.1	-45.0
Interest coverage (x)	58.1	84.8	126.6	341.8	449.0

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**Target price changes in past two years****Rating changes over past two years** (adjusted share prices)

Date	2020/1/14	2021/1/14	2021/1/22	5/7
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	108000	108000	124000	135000
Gap* (average)	-23.70	-5.37	-19.74	
(max or min)**	-3.98	-1.02	-12.50	

Note: \*  $\frac{[(\text{average, maximum, or minimum share price over duration of target price} - \text{target price}) / \text{target price}] \times 100\%}{}$

\*\* Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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**Industry**

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